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Great Britain.

Bimetallic League.

General statement of the  
Gold Standard Defence...

[London]

[1895]

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Great Britain. Bimetallic League. General statement of the Gold Standard  
Defence Association. [London, 1895]

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## THE BIMETALLIC LEAGUE AND THE GOLD STANDARD DEFENCE ASSOCIATION.

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### GENERAL STATEMENT OF THE GOLD STANDARD DEFENCE ASSOCIATION.

1. THE agitation on behalf of silver, both abroad and at home, has assumed such proportions that it is thought desirable to form an Association to oppose the policy known as Bimetallism, and to unite in defence of the Gold Standard all those who believe that an adherence to that standard is essential to the commercial position of our country and to the due discharge of contracts.

2. One leading object of the Association will be to explain the principles which should govern a sound currency and a trustworthy standard of value; and to show that whilst our present system is in conformity with those principles, the proposals of the Bimetallists are in conflict with them.

3. Though to do this effectually will require a series of papers, the main issue may be made intelligible in a few words by stating the different forms which an obligation to pay money, such as is contained in every contract, must assume under the two systems.

4. Under our present Monometallic system, the form of an obligation to pay is, "I am bound to pay one hundred gold sovereigns." Under the Bimetallic system the form of an obligation to pay would be, "I am bound to pay either one hundred gold sovereigns, or as much silver as is equal in weight to some fixed multiple of one hundred gold sovereigns, whichever I find the cheaper." What this fixed multiple should be our English Bimetallists refuse to answer, though the question is one of the most vital importance.

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5. But the mere statement of this difference condemns Bimetallism. The Monometallic form of obligation is simple, clear, and natural. It is the language now used in all our internal dealings, and in most of the International dealings of the world. The Bimetallie form of obligation is artificial and forced. Its language is obscure, and its operation still more obscure. It is a form which no one would use except under compulsion of law.

6. It is a fatal objection to Bimetallism that no one can foresee its ultimate results. This only is certain—that at any ratio less than the present market ratio it would entail most serious loss on all gold creditors, and beyond others on the people of the United Kingdom. For it is plain that other nations would take advantage of a Bimetallie option to pay us their debts not in gold but in silver. From this point of view, Bimetallism is a policy which favours existing debtors at the expense of creditors, and other countries at the expense of the United Kingdom.

7. It is urged on behalf of Bimetallism that it would raise prices—for instance, the price of wheat or cotton. If this be so, Bimetallism is a direct attack upon every artisan and labourer in the country, since their well-being depends, above all things, on the cheapness of the necessities of life.

8. Again, it is said that there is not enough gold in the world for currency purposes, and that silver should be added to gold to supply that deficiency. But the facts are otherwise: the new supply of gold in recent years has been enormous, and far beyond any currency demand, whilst the output of gold in 1894 was the largest in history.

9. Again, Bimetallism is recommended on the ground that it would remedy fluctuations in International exchange. It seems more likely, however, that, if each man had the option of paying his neighbour either in gold or in silver, the difficulties of exchange would be imported into the daily operations of our national life.

10. The monetary history of all countries in which the law of dual legal tender has been combined with free mintage of both metals shows a continuous record of failure to maintain both concurrently in circulation. Of this the cases of the Latin Union and of the United States are striking examples. In both instances, the option given to the debtor, and the pressure of silver at the Mints, have rendered the attempt impracticable, and have forced these countries to close their Mints against silver, and to resort to a single gold standard.

11. The Association has no connection whatever with Party politics, for it is clear that men of all shades of political opinion can unite to prevent a revolution in our currency and to resist an attack on our trade and on the well-being of our people.

12. The first step taken was a memorial from merchants and bankers of the City of London to the Chancellor of the Exchequer. The memorial and the Chancellor's reply are annexed.

13. Since the date of the correspondence referred to, a memorial said to be in favour of Bimetallism has been signed by many distinguished persons, and has been sent to the Chancellor of the Exchequer. Upon this memorial, and the statements it contains, it may be sufficient to observe:—(a) That the Monometallic gold standard of England has existed in practice not only from 1816 but from the beginning of the eighteenth century; (b) that no such system as Bimetallism now advocate has ever existed; (c) that the evils described in the memorial either do not exist or are much exaggerated, and that so far as they do exist they are not due to the gold standard; (d) that the interests of foreign nations who are possessed of a large amount of over-valued silver, and who owe debts to this country, are not necessarily the same as the interests of this country; (e) that the memorial seeks to involve the Government of this country in negotiations with foreign countries on the subject of our standard of value, without even a hint of the changes which the memorialists desire. Not only do they not indicate what ought to be the ratio between gold and silver, but they do not even advocate what has hitherto been known as Bimetallism. It is clear that the highly respectable signatures attached to the memorial have only been obtained by sinking all specific proposals, and by suggesting "a fixed par of exchange" and a "more stable standard of value" as ideal objects which may be attained by some International arrangement, the nature of which is not even suggested.

If anything were needed to show the weakness of the Bimetallie cause, it would be such a memorial as this. After years of agitation and discussion, all that its advocates can produce is an invitation to the Government to throw the English gold sovereign into the crucible of an International Conference, in the vague hope that out of the conflicting theories and vague interests there represented, by some process as yet undetermined, some cure, equally uncertain, may be found for exaggerated or imaginary evils.

(The above appeared as a letter from Mr. Bertram Currie in "The Times" of July 26th, 1895.)

## REPLY OF THE BIMETALLIC LEAGUE.

1. In *The Times* of the 26th ult., there was published a "general statement" by the Gold Standard Defence Association.

In this statement the Association promises to explain in a series of papers the principles which should govern a sound currency and a trustworthy standard of value, and pending the issue of these papers the Association undertakes to make the main issue intelligible in a few words by stating the different forms which an obligation to pay money must assume under the two systems: the Monometallic and the Bimetallic.

2. The Gold Association says that under our present system the form of an obligation to pay money is "I am bound to pay 100 gold sovereigns," while under a Bimetallic system the form would be "I am bound to pay either 100 gold sovereigns or as much silver as is equal in weight to some fixed multiple of 100 gold sovereigns, whichever I find the cheaper."

The words "whichever I find the cheaper" are an unjustifiable interpolation, and merely beg the question at issue so as to raise a prejudice against Bimetallicism.

Under Bimetallicism there would be no question of cheapness or dearness as between the gold coins and the silver coins. There never was any such question in France, or between the several countries of the Latin Union. The gold Napoleon and the silver five-franc piece used as money were absolutely equal under the system prevailing in those countries. They are so still. If the Bimetallic League were prepared to adopt the line of argument which appears to commend itself to the Gold Association they would say that under our present system the form of an obligation to pay money is, "I am bound to pay 100 gold sovereigns, although these sovereigns should increase two-fold in value, obliging me to give double the quantity of

(5)

commodities to procure them, and though the additional burden should prove my ruin."

As a matter of fact, under a Bimetallic system as under our present Monometallic system, the form of obligation to pay money would be "I promise to pay 100 pounds sterling." Under the one system the pound sterling is defined as so much gold, under the other it would be defined as so much gold or so much silver.

The Gold Association asserts that the mere statement of this difference in form condemns Bimetallicism; that the Monometallic form of obligation is simple, clear and natural; that the Bimetallic form of obligation is artificial and forced; and one which no one would use except under compulsion of law.

To this the obvious reply is that the gold sovereign is the creation of law, and that the Bimetallic system is not more artificial than the Monometallic system, since both must depend on Statute for their existence.

If it appears to Englishmen more natural to make a contract in pounds sterling which are represented by a certain weight of gold, rather than in pounds sterling, which may be represented either by a certain weight of gold or a certain weight of silver, this feeling is solely due to use and custom which follow, and have been created by, the law.

3. The Gold Association alleges that the English Bimetallicists refuse to state what the fixed legal ratio between gold and silver should be, though the question is one of the most vital importance.

The question of the Ratio is undoubtedly one of importance, but as it must be settled by international agreement, and there may be conflicting interests to reconcile, it cannot be fixed beforehand by one of the parties to the proposed agreement. The determination of the Ratio must be matter of negotiation, and possibly of compromise.

Moreover, even so far as individual nations are concerned, the point is one which can only be fittingly dealt with on Government responsibility.

If Bimetallicism is worth adopting, the prospect of difficulties arising in connection with the fixing of the Ratio ought not to be allowed to stand in the way. It is certain that they cannot be overcome until the attempt is made, and it is futile to say that the difficulties are insuperable until the attempt has been made and has failed.

If the question of the Ratio is a real difficulty with the Gold Association, and not put forward as a mere means of obstruction by those who would oppose the adoption of Bimetallism at any Ratio whatever, the Bimetallic League will be glad to learn what Ratio the Gold Association considers equitable and would accept, even though the Gold Association should be of opinion that there is no chance of that Ratio being accepted by other nations.

4. The Gold Association asserts that at any Ratio less than the present market Ratio, Bimetallism would entail most serious loss on all gold creditors, because other nations would take advantage of the system to pay us their debts not in gold but in silver.

With reference to this statement, the Bimetallic League point out:

- (a) That it ignores the fact that debts due by one country to another are necessarily discharged mainly by commodities and not by coin.
- (b) That it assumes that under a Bimetallic system, the market Ratio between gold and silver would differ from the legal Ratio, an assumption which Bimetallists deny, except so far as temporary divergence is caused by the exigencies of international trade, which does not interfere with both gold and silver being offered at the Bimetallic mints at the legal Ratio, and maintaining their equality of debt paying and purchasing power.
- (c) That if under a Bimetallic system other countries paid their debts to England in silver, England would purchase the products of those countries with that silver, and could pay her own debts in the same metal.

5. The Gold Association alleges that if Bimetallism would raise prices, as is stated, it involves a direct attack upon every artisan and labourer in the country, since their well-being depends above all things on the cheapness of the necessities of life.

To this allegation the Bimetallic League give an emphatic denial. The Gold Association confuses lowness of price with the cheapness of commodities which arises from production at a less cost of labour and capital.

The cheapness of commodities in the latter and real sense would not be diminished but would be increased by the adoption of Bimetallism.

If the contention of the Gold Association were true, an appreciating standard of value should benefit the artisan and labourer. The effect of an appreciating standard being to increase the burden of all fixed charges, earnings are thereby diminished, and employment restricted. The discouragement to industry which is occasioned by the forced surrender of a larger share to the mortgagee and debenture holder, retards production; and it is difficult to see how the wage-earner can benefit by such a state of things.

It is the contention of the Bimetallic League that if increase in the purchasing power of money be averted, earnings must increase with the progress of invention, and that unless the employer secures a larger portion of the fund which remains after the payment of rent and interest than he has hitherto succeeded in doing, which the organisation of labour renders highly improbable, wages must rise more than prices.

The object of International Bimetallism is not to raise prices but to secure the adoption of a uniform standard of value throughout the civilised world, and one that will hold the balance between debtor and creditor in the fairest possible manner.

6. The Gold Association asserts that the new supply of gold in recent times has been enormous and far beyond any new currency demands, whilst the output of gold in 1894 was the largest in history.

The Bimetallic League admit the increase in the production of gold, but not its excess over new currency demands, and they acknowledge that the great fall in the gold prices of commodities tends to stimulate the production of that metal. But they must call attention to the fact that what the Gold Association describes as currency demands are not the only demands for the metal, and that if the production of gold has increased so has the population of the world, and that the more extended use of gold as standard money tends generally to its appreciation. Moreover, whatever the production, it would not secure the restoration of the par of exchange.

The great fall in gold prices proves that even at the present rate of production there is very far from being an excessive supply of that metal, and the League are unable to reconcile the satisfaction which is expressed at the great increase in gold production with the argument so frequently employed, that the increased production of silver shows that it is not suited to be a standard of value.

7. The assertion of the Gold Association that the adoption of Bimetallism, so far from remedying the fluctuations of international exchange, would be more likely to introduce the difficulties of a fluctuating exchange into the daily operations of our national life, is opposed to the teachings both of theory and experience. Exchange in the commercial sense is necessarily confined to international remittance, and has no bearing at all on internal market operations.

8. The Gold Association asserts that the cases of the Latin Union, and of the United States, are striking examples of the impossibility of maintaining both gold and silver concurrently in circulation, since, in both cases, the option given to the debtor and the pressure of silver at the Mints, forced those countries to close their Mints to silver, and to resort to a single Gold Standard. The Gold Association confuses the ideas of Circulation and Standard. When there is no agreement as to the Ratio, it is always possible that one or other metal may be scarce in any particular country; with such an agreement it may be called impossible. With further reference to this statement of the Gold Association, it must be remarked that the closing of the Mints of the Latin Union to silver was preceded by the demonetisation of silver by Germany, and that the United States passed the law abolishing the legal Bimetallic standard at a time when their standard was inconvertible and depreciated paper, and when there could not have been any pressure of silver at their Mints. The action of the United States, and of France, and the other countries of the Latin Union under such circumstances, and at a time when the consequences of abandoning Bimetallism were so little foreseen or understood, affords no grounds for the assertion that gold and silver could not be kept concurrently in circulation, under a system of general and International Bimetallism. Moreover, the readiness of the Governments of France and the United States at the present day to enter into an international agreement for the adoption of Bimetallism, is a significant comment on the assertion of the Association that it has been demonstrated in the case of both these countries that gold and silver cannot be maintained concurrently in circulation when the Mints open freely to both metals.

9. In its general statement, the Gold Association also makes certain criticisms on a Memorial recently presented by the Bimetallic League to the Chancellor of the Exchequer, and says :

- (a) That the Monometallic Gold Standard has existed in practice, not only from 1816, but from the beginning of the 18th century ;
- (b) That no such system as Bimetallists now advocate, has ever existed ;
- (c) That the evils described in the Memorial, either do not exist or are much exaggerated, and that so far as they do exist, they are not due to the Gold Standard ;
- (d) That the interests of foreign nations, who are possessed of a large amount of overvalued silver and who owe debts to this country, are not necessarily the same as the interests of this country ;
- (e) That the Memorial seeks to involve the Government of this country in negotiations with foreign countries on the subject of our standard of value, without even a hint of the changes which the Memorialists desire ; and add that the League only secured the support of those whose names were appended to the Memorial by sinking all specific proposals, and by suggesting "a fixed par of exchange," and a "more stable standard of value," as ideal objects which may be attained by some international arrangement the nature of which is not even suggested.

To these observations it may be sufficient to reply :

- (a) That the standard of England, as Sir Isaac Newton declared, was silver and so continued as by law established up to 1816, although the currency was mainly gold in large transactions from the beginning of the 18th century ; but this was owing simply to the fact that gold was over-valued as compared with silver by the British Government as compared with other governments, and that silver had thus become scarce to the great detriment of trade ; and that as a standard of value for deferred payments, there was at that day no serious difference between the Gold Standard and the Silver Standard, inasmuch as there was no variation in the purchasing power of the two metals, nor any material preference for one over the other.
- (b) That the system of Bimetallism has existed from the earliest times, and that the Bimetallic League

will be quite content with the monetary law of this country, as established in 1666, by whatever name it may be called, and whichever metal be nominally subsidiary to the other, desiring only that that which was formerly done imperfectly by this and other nations acting independently, should now be done in the most perfect manner possible by the chief commercial nations acting in concert for the common good and under the guarantee of an international agreement.

(c) That the evils to which the Bimetallic League referred in their Memorial to the Chancellor of the Exchequer are real and serious; that the difficulties in connection with China and India are obviously due to Currency causes; and that, in view of the fact that silver prices have not fallen to the same extent as gold prices, there can be no question as to the depression of trade and industry in Gold Standard countries being at least partly due to a Currency cause.

(d) That the immediate interests of the debtor and the creditor in the Currency Question are undoubtedly not the same, but that the interests of the community generally are in the long run identical, and that as a great industrial, commercial, and financial country England has a greater interest in the satisfactory settlement of the question than any other nation.

(e) That the Bimetallic League have never concealed the object at which they aim. They wish to see a general international agreement for the monetary use of both silver and gold as full legal tender money at a fixed Ratio, and they do not believe that there is a single person in the British Isles, who has given any attention to the Currency Question, who has the slightest doubt in the present day as to the objects at which they aim.

10. In conclusion, the following considerations are an indication of the grounds which render monetary reform a matter of urgent and vital necessity, in the opinion of the Bimetallic League—an opinion which the experience of each successive year strengthens and confirms:

(1) That up to 1873, the standard of value throughout the world was based on gold and silver, and that for many years, under the system of Bimetallism which

prevailed in France and other countries, there was no material variation in the relative value of the two metals, even for international purposes of remittance.

(2) That since 1873 the Bimetallic System has been destroyed, and a tendency has arisen indefinitely to extend the use of the Gold Standard.

(3) That these changes have coincided with serious fluctuations, and wide divergence, in the relative value of the two metals.

(4) That, in consequence of such fluctuations and wide divergence serious difficulties have been experienced in carrying on commercial and financial business between Gold Standard and Silver Standard countries, deprived since 1873 of a par of Exchange.

(5) That there has been a marked fall in the general level of prices in Gold Standard countries, with consequent severe depression of trade and industry.

(6) That industries in Gold Standard countries which compete with industries in Silver Standard countries are unfairly handicapped by the continuous appreciation of the Gold Standard, and relative depreciation of the Silver Standard, and by the uncertainty of the Exchanges.

(7) That there is no reason to suppose that we are approaching a time when the adjustment will be complete, and when the difficulties and evils above enumerated will cease; but that, on the contrary, there is every reason to anticipate that they will be aggravated by every attempt to extend still further the use of the single Gold Standard, and that the more nearly we approach to that result, the greater will be the evils to which we shall be exposed, and the greater will be the practical difficulties in the way of applying the only possible remedy.

On the above grounds, the Bimetallic League contend that the standard of value of the civilised world must continue to be based on both gold and silver, and that the only permanent and satisfactory solution of the problem with which the country is confronted, and which it cannot shirk, is to be found in the establishment of Bimetallism on an international basis.

*(The above appeared as a letter from Mr. Henry Hicks Gibbs in "The Times" of July 13th, 1895.)*



REJOINDER BY  
THE GOLD STANDARD DEFENCE ASSOCIATION.

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1. The Bimetallic League have replied to the general statement of the Gold Standard Defence Association by a letter from their president, Mr. H. H. Gibbs, which appeared in *The Times* of July 13 last. On the principal points in that letter, which contains much detail, the Gold Association desire to make the following observations.

2. The president quotes the association as saying that under our present system the form of an obligation to pay money is, "I am bound to pay 100 gold sovereigns," while under a Bimetallic system the form would be, "I am bound to pay either 100 gold sovereigns or as much silver as is equal in weight to some fixed multiple of 100 gold sovereigns, whichever I find the cheaper." He then states that the words "whichever I find the cheaper" are an unjustifiable interpolation, and merely beg the question at issue so as to raise a prejudice against Bimetallism.

3. The words in question are perfectly justifiable, for they only express the fact. If the payer has an option to pay in either of two metals and the option has any meaning, he will of course pay in the metal which is cheaper. Payment in whichever is the cheaper metal is the very essence of the Bimetallic theory. That theory rests on the assumption that, with free mintage of both metals at a fixed ratio, any cause which would naturally make one metal dearer than the other will be counteracted by bringing the cheaper metal to be coined, or by the knowledge that it can be so coined.

4. As the mints will coin all silver brought for coinage those who own silver will have it coined and will use it when coined in payment of obligations. This is the only mode in which Bimetallism has ever operated, or can operate, so as to maintain the fixed ratio; and as it has been in the past so would it be in the future. If, for instance, at the present moment, when the market ratio of silver to gold is as 30 to 1, the proposals of the Bimetallists were adopted, and if, as many of them desire, there were to be free mintage of both metals at a legal ratio of  $15\frac{1}{2}$  to 1, the only way in which the legal ratio could be made effectual would be by the use of the cheaper metal in payment of obligations at that ratio. An admirable thing, no doubt, for the possessors of silver!

5. The president of the Bimetallic League also asserts that "the gold sovereign is the creation of law, and that the Bimetallic system is not more artificial than the Monometallic system, since both depend on

statute for their existence." This is an entire mistake, and betrays the confusion of thought which underlies the Bimetallic theory. The gold system is not the creation of law in the sense in which the Bimetallic dual standard would be the creation of law. All that the law does in the case of the gold sovereign is to stamp it with a certificate that it is a piece of gold of a certain weight and fineness; in fact, to do just what it does in the case of other weights and measures. In saying that gold sovereigns shall be legal tender to any amount, it merely says that contracts to pay in sovereigns shall be discharged by payment in sovereigns—in fact, that the law of contract shall be observed. The law says nothing about the value of the sovereign. It leaves that value to be determined, as the value of everything else is determined—viz., by the higgling of the market. But the Bimetallic system proposes to fix the value of gold in terms of silver, and the value of silver in terms of gold. It proposes to do that which no wise Government attempts, and which all sound economists condemn—viz., to fix by law the value of one thing in terms of another.

6. The president of the Bimetallic League admits that the ratio is a matter of importance, but declines, as other Bimetallists have done, to give the least inkling of what he and his colleagues think that ratio should be. He does not even advert to the tremendous consequences to the owners of silver and to their creditors and customers, of doubling the value of silver throughout the world, which would be practically the case if a ratio of  $15\frac{1}{2}$  to 1 were substituted for the present market ratio. Nor does he appear to see that the fixing of a ratio is not only a present difficulty, but is an excellent illustration of the difficulty, or impossibility, of maintaining a fixed ratio in future. Nor is it, as he suggests, for the Gold Association to state what ratio they would accept as equitable. The Gold Association do not believe in a ratio to be fixed by law, and they leave to those who do believe in it the responsibility of stating what it should be.

7. The president of the Bimetallic League finds fault with the statement of the Gold Association that under a Bimetallic ratio less favourable to gold than the present market ratio gold creditors would suffer. The precise mode in which international debts are settled is too intricate a matter to discuss at length on the present occasion. It is sufficient to point out the obvious fact that where one man or one country owns silver and has payments to make, and the value of silver is artificially doubled, that man or that country will undoubtedly gain largely at the expense of those with whom he or they have dealings.

8. The president of the Bimetallic League quotes the assertion of the Gold Association that, if Bimetallism would raise prices, as is stated, it involves a direct attack upon every artisan and labourer in the country, since their well-being depends above all things on the cheapness of the necessities of life; and he states that his League gives the assertion an emphatic denial. The Gold Association adhere to their statement that if the price of the necessities of life is raised by such an

alteration of the currency as the Bimetallists propose, the workman will be necessarily injured; since, as all experience shows, wages in such cases rise much more slowly than prices.

9. The Gold Association make no such confusion as is attributed to them with respect to the causes of low prices. They assert that low prices, due to improved methods of production, transport, and exchange, are a good thing, and they assert further that this is what has happened. They deny that low prices have been caused by a scarcity of the standard metal, for they deny that there is any such scarcity.

10. What the Bimetallic League think on this subject is far from clear. The president says that "the object of international Bimetalism is not to raise prices," while in other sentences he implies that gold has appreciated in consequence of its comparative scarcity, and that Bimetalism is a remedy for the consequent fall of prices. Let us understand distinctly what the Bimetallists mean. Are the scarcity of gold, the consequent appreciation of the standard, and the consequent fall in prices, which have played so large a part in the Bimetallic agitation, still to be articles of their creed, or are they not? If they are still to be articles of the Bimetallic creed then the Gold Association meet them with a direct negative. If they are no longer articles of the Bimetallic creed let them be dropped, and with them will drop that large proportion of popular support which Bimetalism has received from that people who believe that it is its object and intention to raise prices.

11. Mr. Gibbs concludes with a repetition of the grounds on which his League think that monetary reform is necessary, and distinctly advocates Bimetalism, thus going beyond the prayer of the recent memorial to the Chancellor of the Exchequer. In so doing he merely reiterates the assertions that have repeatedly been made and as repeatedly answered. But it is to be observed that, notwithstanding the time and labour already spent on this controversy, the Bimetallic League are silent on any specific plan in which the Bimetallic theory is to be embodied; on the ratio which is to obtain between gold and silver, on the methods of establishing and enforcing that ratio, and on the consequences which would follow from its establishment.

12. In the absence of any satisfactory evidence of evils due to the present system of currency; of any such definite plan as would enable the public to judge what it is proposed to substitute for that system; and of any proof that the substituted plan would be an improvement on that system, the Bimetallists must be regarded as enthusiastic and ill-advised agitators rather than as practical reformers.

(The above appeared as a letter from Mr. Bertram Currie in "The Times," of July 25, 1895).

## FURTHER REPLY OF THE BIMETALLIC LEAGUE.

To the principal points contained in Mr. Bertram Currie's letter, published in *The Times* of 25th ult., the Bimetallic League desires to make the following reply:

Paragraphs 2, 3, and 4. Mr. Bertram Currie justifies his insertion of the words "whichever I find the cheaper" (referring to gold or silver), in the assumed form of an obligation to pay money under Bimetalism, on the ground that they only express the fact.

"If the payer," he says, "has an option to pay in either of the two metals, and the option has any meaning, he will, of course, pay in the metal which is cheaper." The answer is, that the option of the payer would be then, as it is now, to pay in any form of full legal tender money. The essence of Bimetalism is not, as Mr. Bertram Currie wrongly says, payment in either metal, "whichever is the cheaper;" for in a Bimetallic country neither gold money nor silver money can be cheaper or dearer the one than the other. As an illustration of this, there never was in the internal commerce of France, or the other countries of the Latin Union, a gold price as distinguished from a silver price for any commodity. So then the answer to Mr. Bertram Currie when he says that they pay in one metal rather than another, is, *they don't*.

Between gold and silver as bullion for export, whether coined or uncoined, there was frequently a small difference, due chiefly to the existence of different national ratios between the two metals, which caused the metal which was undervalued in one country to flow towards the country where it was overvalued.

The Bimetallic League, therefore, adheres to the statement that under Bimetalism there would be no question of cheapness or dearthness as between gold coins and silver coins, because both would possess the value assigned to them by law.

Internal payments under Bimetalism would be made in the same form as they now are under Monometallism—the larger payments by cheques, bills and other credit instruments, and the smaller payments by coins suited to the convenience of the recipient. Bankers do not now refuse to cash cheques in the form desired by their customers, and they would not do so then for such purposes. International payments under Bimetalism, as under

Monometallism, can only be made in commodities (including bullion), and as commodities can only go from where they are less wanted to where they are more wanted, such payments can only be made in a form advantageous to both nations. Exporters of bullion are as well known in Threadneedle-street as local detectives are at a country railway station, and under Bimetallism their demands would be met in gold or silver, according to the convenience of the Bank of England.

5. Mr. Bertram Currie disputes the statement of the Bimetallic League that "the Bimetallic system is not more artificial than the Monometallic system, since both depend upon Statute," on the ground that the one is not the creation of law in the same sense as the other.

"All that the law does in the case of the gold sovereign," he says, "is to stamp it with a certificate that it is a piece of gold of a certain weight and fineness." It does far more than this. It declares that such coins, and no other, shall be legal discharge for debts above forty shillings; and it also, even under the present law, stamps a piece of silver with a certificate that it is of a certain weight and fineness, and declares that such coin, or the gold coin, at the option of the payer, shall be legal discharge for debts up to forty shillings, such silver coins being issued at the ratio of 14½ to 1. What Bimetallists desire is that a similar option should be given not for limited payments in an overvalued metal, but for unlimited payments in either metal at the ratio which may be agreed upon by the leading nations between whom the vast majority of such payments are made.

"In saying that gold sovereigns shall be legal tender to any amount," Mr. Bertram Currie adds, "the law merely says that contracts to pay in sovereigns shall be discharged by payment in sovereigns." In fact the law does not contemplate contracts in terms of sovereigns, or of any other special form of legal tender money. The only contracts contemplated by law are contracts in terms of pounds sterling, and the various Acts defining legal tender have always specified various forms of legal tender which shall be equally good discharge of sterling debt. Under a Bimetallic system contracts would continue to be expressed and discharged in terms of pounds sterling.

"The law," Mr. Bertram Currie states, "says nothing about the value of the sovereign." Mr. Bertram Currie everywhere confuses the sovereign (which is one constituent and the standard of reference for the other constituents of a composite currency) with the pound sterling. With the value of the pound sterling, the law does not, and never would, directly concern itself, though by the better constitution of the law of legal tender, such as it is the object of Bimetallists to obtain, greater stability in its value may be secured.

"The Bimetallic system," he further says, "proposes to fix the value of gold in terms of silver, and the value of silver in terms of gold." The Bimetallic system proposes to do nothing of the sort. What it proposes to do is to establish a system the effect of which undoubtedly will be to maintain the practical fixity of relative value between the two metals. But this effect will be produced, not by direct enactment, but by the automatic action of ordinary commercial forces, in accordance with principles which, so far from being condemned by all sound economists, as Mr. Bertram Currie asserts, are laid down as axiomatic in the recognised text-books.

While it is indispensable to have a fixed weight and fineness for all standard coins, the equity of contracts really depends upon the stability of their purchasing power.

The Bimetallic League is as anxious as the Gold Association to maintain the sanctity of contract, and it is for this reason that they desire that the standard of value should at least approximate to a standard of justice.

It is a matter of common knowledge that there have been cases in recent years in this gold-using country in which the law has interfered to set aside contracts, because the increase of the burden of debt due to the fall in prices had become greater than the debtor could bear, but there is every reason to believe that the demand for interference with contracts would occur less frequently under a Bimetallic system than under our present gold Monometallic system.

6. It is in some respects satisfactory to find that the Gold Association now admit that they do not believe in any ratio to be fixed by law. If they would not accept Bimetallism at any ratio the question of what the ratio should be, becomes, from their point of view, a matter of no importance, and they are no longer justified in calling upon Bimetallists to settle at once a point which can only be decided on after consultation with other Governments.

7. The statement of Mr. Bertram Currie that a rise in the gold value of silver involves a gain to the person, or country, owning silver and having debts to pay in gold, is, of course, true. On the other hand, it is equally true that a rise in the value of gold involves a loss to the person, or country, owing gold.

The interests of the community require that the value of money in terms of commodities should remain as nearly constant as may be, and if in order to secure this it is found necessary to diminish the demand for, and therefore the value of, gold by increasing the demand for, and therefore the value of, silver, the community will not be deterred because by so doing it may incidentally diminish the profits of the producers and owners of gold, any more than because by so doing it may incidentally increase the profits of the producers and owners of silver.

8. Mr. Bertram Currie adheres to the statement that a rise in prices involves an attack upon every artisan and labourer in the country, on the ground that "experience shows that wages in such cases rise more slowly than prices."

The most conspicuous case of a rise in prices of which we have had experience in modern times was that which ensued upon the Californian and Australian gold discoveries. Was it the fact that wages then rose more slowly than prices? The contrary was notoriously the case, as is testified by all contemporary observers. The movement in wages commenced later, but it certainly did not advance more slowly than that of prices. The fact is that a rise in prices involves the sacrifice of a smaller share of the product in satisfaction of fixed charges, and that it leaves in consequence a larger share of production to be divided between the workman and the employer. Unless, therefore, profits increase at the expense of wages, which in face of the modern organisation of labour is highly improbable, wages must rise more than prices, and "experience" which relates to a period when labour was only slightly organised, or not organised at all, cannot be cited in disproof of this conclusion. This, it may be mentioned, is also the opinion of the Trades Unions and of the Labour Leaders.

9 and 10. In conclusion, the Bimetallic League repeat the statement that "the object of International Bimetallism is not to raise prices," any more than it is to increase the profits of the owners and producers of silver. The object of International Bimetallism is to secure a uniform standard of money value for the East and the West with as stable purchasing power as can be obtained by well considered laws of legal tender.

If Bimetallism had not been abandoned, the Bimetallic League believe, and they give reasons for believing, that we should have had during the last twenty-two years all the real cheapening of production which has actually been secured, and more. They also believe, and they give reasons for believing, that with this cheapening of production the fall of prices would not have been so continuous nor so great as it has been.

If the restoration of Bimetallism would now cause some rise in prices, such rise would be a gain and not a loss; and even if it were attended with loss in some instances, the League hold that it would be a small price to pay for the final settlement of the currency question.

11 and 12. The two last paragraphs of Mr. Bertram Currie's letter merely sum up his indictment of Bimetallists, as "enthusiasts and ill-advised agitators," and do not call for notice from them.

(The above appeared as a letter from Mr. Henry Hicks Gibbs in the "Times" of August 20th, 1895.)

## BIMETALLIC LEAGUE.

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